

BQDM QUARTERLY EXPENDITURES & PROGRAM REPORT

Second Quarter 2023

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Background & Executive Summary

On December 12, 2014, the New York Public Service Commission (“Commission”) issued its *Order Establishing Brooklyn/Queens Demand Management Program* (“Order”).¹ The Order directs Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) to submit quarterly reports to the Commission on its Brooklyn/Queens Demand Management (“BQDM”) “expenditures and program activity” including all relevant details, such as project costs, project in-service dates, Monthly Adjustment Clause (“MAC”) recoveries, incremental costs incurred, operational savings, and other benefits. This BQDM quarterly report (“Report”) submitted by the Company covers expenditures and program activity for the second quarter of 2023.

In the Order, the Commission set a \$200 million budget for the BQDM program.² Since the BQDM Program’s inception, the Company has expended an aggregate \$130.84 million, of which \$0.53 million was expended during the second quarter of 2023 (see Table 1).

Table 1. BQDM Executive Summary of Demand Reduction, Expenditures, and Recoveries to Date

	Total Peak Demand Reduction (kW) to Date	Total Portfolio Expenditures to Date (\$M)	Total Funds Recovered to Date (\$M)
BQDM Program at Q2 2023	61,120	\$130.84	\$76.35

¹ Case 14-E-0302, *Petition of Consolidated Edison Company of New York, Inc. for Approval of Brooklyn Queens Demand Management Program* (“BQDM Proceeding”), Order Establishing Brooklyn/Queens Demand Management Program (issued December 12, 2014).

² Prior to the Order, expenditures incurred to address reliability needs in the BQDM target area were recovered through the Targeted Demand Side Management (“TDSM”) program. Case 09-E-0115, *Proceeding on Motion of the Commission to Consider Demand Response Initiatives*, Order Adopting with Modifications a New Targeted Demand Side Management Program for Consolidated Edison Company of New York, Inc. (issued June 1, 2011). In order to accurately reflect costs incurred to address the projected overload in the BQDM target area and to maintain a single set of accounting rules on all expenses related to the BQDM Program, charges incurred under the TDSM program that are related to the BQDM target area were reclassified to the BQDM Program, enabling the Company to collect all BQDM related charges incurred before or after the issuance of the Order as BQDM Program costs. At the time of the BQDM program creation, the remaining \$25 million budget of the TDSM program was included in the \$200 million BQDM program budget.

BQDM Report Table^{3 4 5}

BQDM PORTFOLIO	2023			
	Quarter 2	Year-to-Date	Program-to-Date	Notes
FINANCIAL ACTIVITY (\$ M)				
[0] Expenditures				[0] See Appendix for additional detail on Expenditures
Customer-sided	\$ 0.53	\$ 1.04	\$ 107.11	
Utility-sided	\$ -	\$ -	\$ 23.74	
Total Expenditures	\$ 0.53	\$ 1.04	\$ 130.84	
Program Cost Recovery	\$ 1.15	\$ 2.30	\$ 76.35	
CUSTOMER-SIDED PROGRAM ACTIVITY				
Energy Efficiency				
[1] Residential Direct Install Peak Hour kW reduction	-	-	4,930	
[2] Bring Your Own Thermostat Peak Hour kW reduction	-	-	391	
[3] Residential AC Peak Hour kW reduction	-	-	9	
[4] Multifamily Energy Efficiency Peak Hour kW reduction	12	12	5,650	
[5] Small-Medium Businesses Adder Peak Hour kW reduction	123	191	14,677	
[6] Commercial & Industrial Peak Hour kW reduction	-	-	985	
[7] NYCHA Peak Hour kW reduction	-	-	2,293	
[8] DCAS Peak Hour kW reduction	38	38	505	[8] Savings adjusted to 505 kW due to accounting error in Q4 reporting
Distributed Generation				
[9] Fuel Cell Peak Hour kW reduction	-	-	6,100	
[10] Combined Heat & Power Peak Hour kW reduction	-	-	3,079	
Energy Storage				
[11] Peak Hour kW reduction	-	-	4,000	
Customer-Sided Portfolio kW reduction at Peak Hour	173	241	42,620	

³ Totals may differ due to rounding.

⁴ In the above Q2 reported expenditures, \$24,052 expended on the Brownsville Utility-Sided Solution was miscategorized as customer-sided spend. This cost will be recategorized, and that will be reflected in subsequent quarterly reports.

⁵ Total costs reflect revisions to the previously filed Q1 Quarterly Report to correct an accounting error. Q1 2023 costs have been updated with an additional \$41,855, resulting in updated 2023 total expenditures.

BQDM Narrative Update

Program Overview

The Company achieved over 61 MW of peak hour load relief via solutions installed through the end of the second quarter of 2023 as depicted in Figure 1 below.

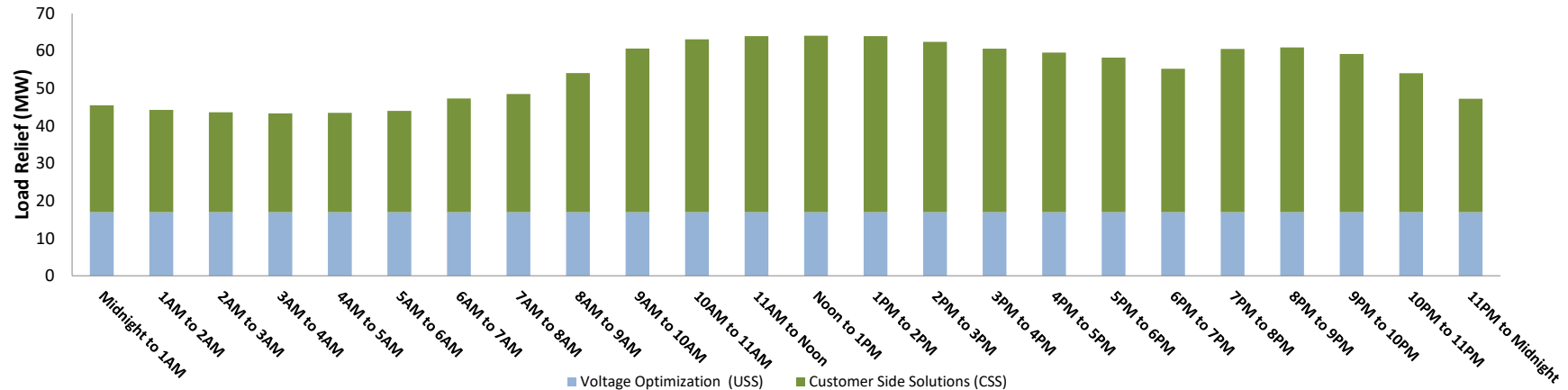


Figure 1: Hourly Load Profile of Operational BQDM Customer-Side Solutions and Non-Traditional Utility-Side Solutions. Note: A 1.5 MW 4-hour utility-side battery energy storage system is not depicted in the load profile as its dispatch varies.

The Company continued to make progress installing energy efficiency measures through incentive adders (“Adders”) for energy efficiency upgrades in the residential, multifamily, commercial, and public building sectors. Implementation of distributed energy resources, such as fuel cells, combined heat and power (“CHP”), and energy storage continued to contribute toward the program’s load relief goals.

By the end of the second quarter of 2023, customer-sided load relief exceeded 42 MW from measures operational at the peak 9-10 PM hour. The Company achieved this load relief through installation of efficiency and demand management measures including 8,016 small businesses with estimated annual energy savings of 166 GWh, 2,644 multifamily buildings with estimated annual energy savings of 45 GWh, and 34,600 homes and small 1-4 unit residential buildings with estimated annual energy savings of 4.5 GWh.

The Company met its reliability needs using a combination of customer-side and non-traditional utility-side solutions via the BQDM program extension⁶ and continues to evaluate measures to provide additional load relief. The Company’s November 2022 load forecast identified that the load relief needed in the BQDM area between 2024 and 2026 will exceed the previously anticipated level. The Company evaluated multiple

⁶ BQDM Proceeding, Order Extending Brooklyn/Queens Demand Management Program (issued July 13, 2017).

solutions to address these expected needs, including continued efforts in energy efficiency, customer-sided energy storage procurement, small load transfers, and utility owned energy storage. Updates to the customer-side (i.e., energy efficiency, distributed generation, and energy storage) and non-traditional utility-side solutions (i.e., energy storage and conservation voltage optimization) are described in additional detail in the narrative below.

Financial Activity

The Commission authorized the Company to defer (over a 10-year period) and recover its BQDM-related costs through the MAC and a New York Power Authority (“NYPA”) surcharge and further suggested that the Company propose in its next rate case to recover the balance of its unrecovered costs through base rates.⁷ As of July 20, 2023, in accordance with the Commission’s approval of the Company’s electric rate plan (the “Rate Plan”), BQDM expenditures have been recovered through base rates.⁸ As noted above, the Commission established a \$200 million budget for the BQDM program.

The Company currently anticipates that the total cost of BQDM measures will be under the \$200 million budget. Per the Order, the Company also developed a General Accounting Procedure (“GAP”)⁹ for treatment of costs and collections associated with the BQDM Program and established internal billing accounts to manage program expenses.

No quantifiable operational savings¹⁰ in the electric sub-transmission and distribution system operations have yet been identified as a direct result of BQDM Program activities conducted in the second quarter of 2023 or earlier.

Program Activity

Customer-sided Solutions Overview: In the second quarter of 2023, the Company continued implementing a portfolio of customer-side energy efficiency, distributed generation, and energy storage technologies to reduce peak demand in the BQDM targeted area. Con Edison’s energy efficiency programs targeting multifamily, small business, and commercial and industrial customers continued to install measures at customer sites in the targeted area. See the Report Table above for demand reductions achieved to date by technology and program.

Con Edison continues to engage local communities and conduct outreach to customers in the BQDM targeted area through a variety of meetings and events with public officials, community groups and local businesses, and through marketing efforts to keep eligible customers informed of current program offerings and incentives.

⁷ Order, pp. 19-21.

⁸ Case 22-E-0064, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans with Additional Requirements (issued July 20, 2023), p. 46 of Attachment A – Joint Proposal.

⁹ The Company filed the GAP with the Commission on February 10, 2015. See <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={59F25E6A-7ABA-4D95-BBD2-F6142F90C798}>.

¹⁰ The Company defines “operational savings” as reductions in costs incurred or expected to be incurred by the Company for the operation of the electric sub-transmission and distribution system supporting the BQDM target area (“BQDM Area” or “BQDM Target Area” or “Target Area”) due to the implementation of BQDM solutions.

Non-Traditional Utility-side Solutions Overview: Non-traditional utility-side solutions continue operating in parallel to customer-sided DERs to collectively meet load reduction needs in the BQDM targeted area. Utility-side solutions include 17 MW of conservation voltage optimization (“CVO”) and 1.5 MW of energy storage systems for a total of 18.5 MW of load reductions. The utility-sided energy storage system became operational in the fourth quarter of 2019 and discharged at 1.5 MW for a 6-hour duration throughout summer 2022 to provide additional peak load relief and grid support. Following the November 2022 forecast during the first quarter of 2023, the Company began evaluating the potential for a new utility-owned energy storage system adjacent to its Brownsville Substation and system-reinforcements for the existing energy storage system to support forecasted load relief needs during 2024-2026. consulted with Department of Public Service Staff regarding these projects and has commenced procurement and preliminary design processes. The Company plans to begin operation of the new utility-owned energy storage system by Summer 2025.¹¹

¹¹ BQDM Proceeding, Correspondence regarding the Company's plans to pursue two projects to meet load forecast requirements in the BQDM area (filed May 30, 2023). The Company will acknowledge the pursuit of these non-traditional utility-side projects in a forthcoming revision to its BQDM Implementation Plan.

Appendix¹²

Appendix A: Detailed BQDM Program Expenditures (\$M) for second quarter 2023¹³

Program/Projects	Apr-23	May-23	Jun-23	Q2 2023 Total	2023 BQDM	BQDM Total
Customer-Side Solutions						
Incentives	\$ 0.30	\$ 0.03	\$ 0.12	\$ 0.45	\$ 0.94	\$ 86.38
Program Implementation & Administration	\$ 0.00	\$ 0.00	\$ -	\$ 0.01	\$ 0.02	\$ 6.34
Sales, Marketing, & Training	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 3.33
Technology, Measurement and Verification (M&V), and Evaluation	\$ -	\$ 0.04	\$ 0.03	\$ 0.07	\$ 0.07	\$ 10.21
Market Research & Analytics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.85
Total Customer-Side Solutions	\$ 0.30	\$ 0.08	\$ 0.15	\$ 0.53	\$ 1.04	\$ 107.11
Utility-Side Solutions						
Program Implementation & Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23.50
Technology, Measurement and Verification (M&V), and Evaluation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.24
Total Utility-Side Solutions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23.74
Total Customer-Side Solutions and Utility-Side Solutions	\$ 0.30	\$ 0.08	\$ 0.15	\$ 0.53	\$ 1.04	\$ 130.85

¹² Totals may differ due to rounding.

¹³ Total costs reflect revisions to the previously filed Q1 Quarterly Report to correct an accounting error. Q1 2023 costs have been updated with an additional \$41,855 resulting in updated 2023 total expenditures.